

HILTON HOTELS CORP
Form 10-Q/A
May 12, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-3427

HILTON HOTELS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
9336 Civic Center Drive, Beverly Hills, California
(Address of principal executive offices)

36-2058176
(I.R.S. Employer
Identification No.)
90210
(Zip code)

(310) 278-4321

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of April 30, 2006: Common Stock, \$2.50 par value 384,616,511 shares.

EXPLANATORY NOTE

This Form 10-Q/A amends Item 1 of our previously filed Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (the Original Form 10-Q) for the sole purpose of correcting the number disclosed in the line item Acquisitions, net of cash acquired under the sub-heading Investing Activities in our Consolidated Statements of Cash Flow for the three months ended March 31, 2006. During the EDGAR formatting process, the number (\$5,640) was inadvertently transposed in the Original Form 10-Q, and the correct number is (\$5,460). The total amount of Net cash used in investing activities for the three months ended March 31, 2006 of (\$5,467) contained in the Original Form 10-Q filing is correct. This amendment includes Item 1. All other information previously filed in the Original Form 10-Q remains unchanged.

PART I FINANCIAL INFORMATION

Company or group of companies for which report is filed:

HILTON HOTELS CORPORATION AND SUBSIDIARIES**ITEM 1. FINANCIAL STATEMENTS****Consolidated Statements of Income**
(in millions, except per share amounts)

	Three Months Ended	
	March 31,	
	2005	2006
	(unaudited)	
Revenue		
Owned hotels	\$ 495	508
Leased hotels	28	266
Management and franchise fees	102	152
Timeshare and other income	154	211
	779	1,137
Other revenue from managed and franchised properties	297	382
	1,076	1,519
Expenses		
Owned hotels	376	380
Leased hotels	26	230
Depreciation and amortization	80	86
Impairment loss and related costs	2	
Other operating expenses	122	178
Corporate expense	24	44
	630	918
Other expenses from managed and franchised properties	293	376
	923	1,294
Operating income from unconsolidated affiliates	10	10
Operating Income	163	235
Interest and dividend income	4	11
Interest expense	(64)	(96)
Net interest from unconsolidated affiliates and non-controlled interests	(6)	(9)
Net gain on foreign currency transactions		17
Net gain on asset dispositions and other	11	4
Loss from non-operating affiliates	(5)	(4)
Income Before Taxes and Minority and Non-Controlled Interests	103	158
Provision for income taxes	(36)	(52)
Minority and non-controlled interests, net	(3)	(2)
Net Income	\$ 64	104
Basic Earnings Per Share	\$.17	.27
Diluted Earnings Per Share	\$.16	.26

See notes to consolidated financial statements.

Hilton Hotels Corporation and Subsidiaries
Consolidated Balance Sheets
(in millions)

	December 31, 2005	March 31, 2006 (unaudited)
ASSETS		
Current Assets		
Cash and equivalents	\$ 1,154	163
Restricted cash	182	223
Accounts receivable, net	312	674
Inventories	219	285
Deferred income taxes	85	95
Current portion of notes receivable, net	40	59
Other current assets	97	191
Total current assets		